

**ND Business Climate Study**  
**Group Interview Answers for Business Leader Focus Group**  
**Fargo, ND**  
**January 11, 2006**

**What is the best reason for your business to be in North Dakota?**

- Access to government officials
- Access to Legislators
- Good responses from government officials
- Strong work ethic
- Positive attitude – willingness & open to new ideas
- Good productivity per employee
- Good productivity per minute (metric measure)
- Civility in the culture and workforce
- Integrity in the culture and workforce

**What is the biggest barrier to doing business in North Dakota?**

- Shortage of blue collar & skilled workers
- High property taxes
- Low unemployment rate
- Inability to attract workers in ND
- Reluctance to change
- Inadequate air & rail transportation
- Limited access to capital for start-up costs
- Negative image – external & internal
- Inadequate housing in rural areas
- Lack of water especially in eastern ND

**Are your workforce needs being met in North Dakota?**

**Are there ways in which state government influences your ability to meet your workforce needs?**

**Is there more that the state can do to have a positive influence?**

- Increase state employee wages, this sets the standard for other employers
- Need more entry-level workforce
- More technical training
- Target students & dollars for specific markets (Computer Tech & Healthcare)
- Constant demand for additional workforce
- Address healthcare employee needs and healthcare student enrollment
- The Higher Ed Roundtable improved workforce and is working good
- Help colleges/univ. keep enrollment up
- Support research at the universities
- Need long-term plan to utilize Native American reservation employees
- Lower Workers' Comp. rates
- Consider targeted income tax exempt. (3-5 year) for univ. professors in research

- Venture capital donations by county – with state tax deduction
- Teamwork & education among companies (8A companies – tribes)

**What one thing could the State do to help your business expand in North Dakota?  
How could ND universities be utilized more effectively as partners for your business?**

- More venture capital
- More angel capital
- Help expansions & start-ups
- Allow sale of tax losses & tax credits if unable to use
- Improve ND's image
- State assistance in spotlighting success via magazines & national press
- More state funding for community access programs (New Economy Initiative)
- Get business people involved in classrooms
- Promote "Lunch with an entrepreneur" – at University
- Need for a retail management college degree program

**Have you found it difficult to obtain venture capital (or any other type of capital) in ND?**

**Are there any specific changes needed in legislation, regulations, funding, programs, etc., that might make capital more available?**

**Would incentives help leverage more capital for businesses?**

- Systematic Angel Network Fund exists to bring experienced people together (this is currently being done privately in Fargo, Grand Forks, Bismarck & Minot)
- Businesses need expertise in obtaining capital
- Need package approach to address needs at varying levels of business

**Can industry targeting enhance economic growth in ND?**

**What industries would you target?**

**Are you aware that the state has identified target industries and is refining its targets?**

**What kinds of incentives would you offer to target industries?**

- Add health & biological sciences
- Align Centers of Excellence with targeted industries
- Allow business to help universities-technology
- Use success to attract more business
- Promote clustering of industries

**Are we realizing as many opportunities for technology commercialization as we should?**

**Are there barriers?**

**What incentives might be offered?**

**What else might be done to ease the way?**

- Need legislation to protect information proprietary (Federal issue)
- Investment in telecommunications infrastructure
- Lack of cell phone coverage across state

**Is transportation a constraint upon the growth of your business?**

**Is energy a constraint upon the growth of your business?**

**If so, what might be done to improve the situation?**

- Access maximum Federal dollars
- Continue state match for Federal funding
- Lack of air access to ND – Innovation Air Taxi

**Is state and/or local tax structure in ND a constraint to growing your business here?**

**If so, what in particular have you found to be a problem?**

**Is this an image issues, or a dollars and cents issue?**

*[See comments above re: property taxes & tax credits]*

**Is the physical infrastructure in place for business growth in North Dakota?**

**Is high tech infrastructure adequate to support business growth in North Dakota?**

**What can government do to help?**

- Adequate & reliable water is an issue anywhere off the Missouri
- Inadequate cell phone coverage in the west
- Government should ensure consistency

**Does the state have an “image problem”?**

**Is this an internal or external issue?**

**Has this improved in recent years?**

**Are you aware of state efforts to enhance the image?**

**What more could be done?**

*[See comments above under partnering with universities]*

**Please rate each as to whether we need to address them**

- Healthcare (Access, Portability, Quality, Choice)
- ND Trade Office (very effective, great resource)

**Final suggestions and comments**

- 59% of retail dollars (excluding gas, groceries) is spent out of state
- Internet sales tax issue needs to be addressed
- Innovation needed in industries targeted (internet poker)

**For Next Time...how do we track progress?**

- North vs. South comparison of economic activity in ND

**ND Business Climate Study**  
**Group Interview Answers for Business Leader Focus Group**  
**Grand Forks, ND**  
**January 10, 2006**

**What is the best reason for your business to be in North Dakota?**

- The overall quality of life
- Recreation, transportation, open space (all of which contribute to the above)
- Cost of doing business is relatively low
- Strength of workforce: it is well educated, hard working and productive
- High quality education system at all levels
- Everything here is of manageable size, including the communities and government
- Access to decision makers (another example of a “manageable environment”)
- Lack of government debt/well managed government

**What is the biggest barrier to doing business in North Dakota?**

- Availability of workforce: What we have is great, but there is a shortage at all skill levels
- Shortage of skilled blue-collar and trades people (another element of the issue cited above)
- Low wages (contributes to the skilled labor shortage)
- Inability to attract/retain young people due to the perception that ND does not have the kind of social and job opportunities that they seek
- Shortage of housing (also contributes to shortage of skilled workers)
- Distance to markets
- High property taxes (at least that is the perception)
- The negative external image of the state

**Are your workforce needs being met in North Dakota?**

- Low wages may appeal to some businesses, but others find they cannot fill their openings, since low wages have helped discourage skilled workers from locating here
- Many established businesses are OK, but newer businesses locating or starting here may have more difficulty
- A big shortage is in blue collar, trades, service-type jobs, so we may need to increase 2-year degree opportunities and attract more people to this track
- There is a particular shortage in rural areas of service people
- The state should increase its focus on attracting high-quality jobs
- Industry targets should be adjusted to emphasize attraction of high quality jobs

**Are there ways in which State government influences your ability to meet your workforce needs?**

**Is there more that the state can do to have a positive influence?**

- There are helpful programs being offered, but the state needs to increase awareness of those programs among businesses and workers
- Look at what other states have done to attract quality jobs and skilled workers
- Look beyond U.S. borders for quality workers we could attract
- Offer incentives and market more in order to attract workers from outside ND
- Look at new industries that might make ND more attractive to skilled workers
- Provide incentives for workers to locate and remain in ND

**What one thing could the State do to help our business expand in North Dakota?**

- Would like to see ND benchmarked vs. other states to see how they foster business growth and development
- Seek ways to decrease transportation costs
- We need to adapt, culturally, to the idea of growth and government can help as an “Agent of Change”
- Sponsor programs, especially in smaller rural communities, to address local cultural feelings that might oppose growth and change
- Need more programs like the Centers of Excellence

**How could ND universities be utilized more effectively as partners for your business?**

- Allow/encourage more use of professors time for practical research
- Provide incentives for faculty to work with private sector
- Provide incentives for faculty to work on commercial opportunities
- Encourage college students to get on-the-job training and encourage college graduates to get more real world work experience, before getting their graduate degree
- Allow/Encourage private sector input at research level
- De-emphasize “publish or perish” mentality
- Look at policies that limit professors’ earnings from grants
- Provide incentives that leverage companies to locate in ND and partner with the universities on practical research

**Have you found it difficult to obtain venture capital (or any other type of capital) in ND?**

**Are there any specific changes needed in legislation, regulations, funding, programs, etc., that might make capital more available?**

**Would incentives help leverage more capital for businesses?**

- PERS should invest in ND companies – state should give incentives to do that
- Can bank profits to be used to generate venture capital?
- Lack of viable business plans is one constraint on good venture capital deals
- Lack of expertise to create business plan is one reason why companies cannot get venture capital...the state might consider offering technical assistance to help companies prepare better business plans
- More assistance to business in general could help with expansion needs

**Can industry targeting enhance economic growth in ND?**

**What industries would you target?**

**Are you aware that the state has identified target industries and is refining its targets?**

**What kinds of incentives would you offer to target industries?**

- There should be more analysis, community by community, to determine which industries to target for each community, as their needs differ
- Consider retail as a target for appropriate communities

**Are we realizing as many opportunities for technology commercialization as we should?**

**Are there barriers?**

**What incentives might be offered?**

**What else might be done to ease the way?**

*[See comments above under universities and venture capital]*

**Is transportation a constraint upon the growth of your business?**

**Is energy a constraint upon the growth of your business?**

**If so, what might be done to improve the situation?**

- Need better air access to ND
- Find ways to increase use of Grand Forks airport
- Find ways to reduce cost of moving goods to market
- Explore intermodal opportunities and constraints

**Is state and/or local tax structure in ND a constraint to growing your business here?**

**If so, what in particular have you found to be a problem?**

**Is this an image issues, or a dollars and cents issue?**

- There is an over-dependence on property taxes

**Is the physical infrastructure in place for business growth in North Dakota?**

**Is high tech infrastructure adequate to support business growth in ND?**

**What can government do to help?**

- There are too few people to support extensive infrastructure
- Access to broadband for universities could be improved
- Infrastructure in rural communities requires more attention

**Does the state have an “image problem?”**

**Is this an internal or external issue?**

**Has this improved in recent years?**

**Are you aware of state efforts to enhance the image?**

**What more could be done?**

- Internal image is the first thing that needs attention...it needs to be addressed for students at younger ages
- We need to account for both impressions & knowledge
- Weather – external perception is a widespread problem
- Out-migration of students needs to be impressed
- Must expose people to job opportunities early in their development

**Please rate each as to whether we need to address them**

- Small Businesses have a particular problem with healthcare availability, due largely to the scarcity of companies that offer health care packages
- Housing is not as widely available as it needs to be

**Final suggestions & comments**

- Industry targets are helpful, but we need to publicize them
- Look at agricultural Processing
- Find more ways to keep our young people here

**For Next Time...how do we track progress?**

- Use Microsoft Project
- Give out progress report like we did this time
- Set up benchmarks – numeric gauges to measure progress
- Invite more business leaders

**More issues...**

- Water supply
- Keeping young people here
- Lack of cellular phone service in the west
- Cultural/Attitude change to accept growth and change
- Track & report progress
- Celebrate successes more
- Research: what would it take for you to come to ND? (firms & workers)

**ND Business Climate Study**  
**Group Interview Answers for Economic Developers**  
**Fargo, ND**  
**January 11, 2006**

**North Dakota ED Strengths**

- Taxation is fair & equitable, and is perceived as such
- Cost of doing business is reasonable
- Regulatory climate is favorable
- Productivity of our workers and businesses is high
- Strong work ethic
- Access to officials (state, local, federal) is relatively easy
- Working relationships are easy to develop and are strong with government officials (state, local, federal)

**Weaknesses**

- Workforce availability...shortage of skilled workers
- Climate (both real and perception)
- Geography...long distances between communities and distance to market for businesses
- Transportation: costs of getting goods to market
- Rural area handicaps:
  - Lack of available workforce
  - Transportation limited and expensive
  - Lack of available housing
  - Lack of a living wage
  - Hard to get supplies in and products out
  - Need to do more with the Ag sector
  - Look at animal agriculture
  - Need for change of attitudes
  - Need to craft a positive message
- Geography weakness – time (the long distances and associated costs make it hard to engage in lean manufacturing)
- Lack of office space
- Loss of companies due to retirements and no plan in place for transition to maintain the company
- Lack of funding for this kind of continuity planning and transition (PACE is out of funds)
- Lack of money for spec buildings



**Are there opportunities for collaboration with other localities or with the state that might be more aggressive pursued?**

**What would you do to enhance current state tools?**

**Can the state do more to market/publicize its services and assistance?**

- Need a Technology-Focused Initiative
- Targeted tax incentives, including for tech industries
- Do more to attract technology industry and technology R&D
- Capacity building to augment ability of communities to attract tech industries
- Increase availability of technology for ND companies

### **Training**

- On-site training at job site
- Higher education: practical training
- More funding
- Expand Workforce Training dollars
- Allow for sale/purchase of tax credits or losses in agricultural sector
- Increase innovation and productivity for manufacturing labor
- R&D tax credit

### **Assorted Issues and Opportunities**

- Recognize that it is a regional market, with commensurate opportunities
- Tribal entities & state government can collaborate, taking advantage of 8a designation
- Develop a business scouting model
- Add or redirect funding to pursue target industries
- Have “experts” search out companies

### **Workforce questions**

- The under-utilized ND workforce
  - Over qualified for current jobs
  - Underemployment
  - Get word out that we have qualified workforce
- Local economic developers partnership with JSND – continue to do so
- Data collection needs to continue and be expanded
- Get the word out about our workforce
- Under-paid workforce/need living wage
- Employers need to increase price or productivity to increase wages
- Load limits for product transportation slow products-to-market

### **Venture Capital Questions**

- Rural areas
  - Capital needs are greater in these areas
  - Venture capital can actually be harmful to rural communities because successful companies get sold and move out of the area
- We should invest local dollars in local communities...incentives?
- GROW bonds in Canada might serve as an example
- We should talk about equity capital, a 10-20 year investment
- Incentive financing could be used to
  - Leverage risk capital
  - Help lenders accept risk & loss mentality

### **Could local universities play a greater role in Economic Development?**

- State policy needed to address what universities can be involved in
- Need incentives to promote university involvement in economic development

### **Can state efforts at industry targeting enhance economic development?**

**Are you aware of the state's industry targets and are there ways this effort could be strengthened?**

- Match target industries to Centers of Excellence (did match up nicely)
- Assist small businesses with R&D needs – match up with universities
- Tourism
  - Medora success
  - University design area – help draw out specific tourism plans
  - ND scenic by-ways, worked with university – NDSU

### **How much hindrance or help are energy and transportation?**

- Need competitive energy rates

### **Does image hold ND back?**

**Is it internal, external, or both?**

**Can internal marketing and current state efforts help?**

**Can state and local economic developers do more to enhance ND image?**

- External image is poor
- Internal image is good
- Economic development success helps improve image
- Dept. of Commerce – doing a good job
- State tourism effort: good marketing

- Long way to go... we'll get there
- Improve recruitment & retention of young people
- NE North Dakota Internship Program
  - Market it to businesses
  - Opportunity to see careers & life style

**Please rate the following as to whether these need attention:**

- Long-term transition to technology economy needs to be made
- Health insurance needs to be affordable for small companies
- Personnel Employers Organizations (PEO) –
  - Access to state economic business help
- Opportunities are presented by the aging population (how to capitalize?)
- Local E.D. has limited budgets to participate in state E.D. efforts

**Is there a specific state action/program that would help?**

- In MN, policies on ethanol
- In WI, emphasis on technology sector; fostering agriculture

**Main issues, especially for smaller communities:**

- Quality of life
- Access to interstates
- Availability of housing
- Workforce availability
- Intellectual capacity
- Cost of rural housing construction vs. appraisal price-“housing gap”
- Inability to attract developers to rural communities